Cause No. 45159
ICC - WP2

Northern Indiana Public Service Company
2018 Integrated Resource Planning ("IRP")

Public Advisory Meeting #5
SUMMARY

October 18, 2018

Welcome and Introductions

Alison Becker opened the meeting by having those in the room introduce themselves. Ms. Becker then reviewed the agenda for the day and did a safety moment.

NIPSCO's Planning and the Public Advisory Process

Dan Douglas, Vice President, Corporate Strategy and Development

Dan Douglas thanked the participants for attending and noted that engagement continues to surpass prior years. He said this continued and deep involvement makes NIPSCO's process stronger, more transparent and hopefully better understood. He then provided a review of how NIPSCO plans for the future and how NIPSCO considers the perspectives of each of the stakeholders in the room as well as the communities NIPSCO serves and the employees that serve the customers. He noted that the IRP is an important part of the internal strategic process and a strong indicator of NIPSCO's future resource actions. He provided an update on the Public Advisory process and reminded the group that NIPSCO looks forward to further feedback. He stated that, for this meeting, the focus will be on two questions: what is NIPSCO's preferred plan and what is the short term action plan? He then provided an update on the one-on-ones that have taken place with stakeholders throughout the process stating that these meetings have largely focused on modeling, the all source request for proposals ("RFP") and demand side management ("DSM"), along with specific modelling runs and stated information about those runs will be provided today. He finished the section by again thanking the participants, particularly those who have taken the time to participate in individual meetings.

Stakeholder Requested Analysis

Pat Augustine, Charles River Associates

Pat Augustine began by providing an update to the stakeholder-requested analysis noting that the Office of Utility Consumer Counselor ("OUCC") asked for NIPSCO to

evaluate the conversion of Schahfer Units 17 and 18 from coal to natural gas, the Citizens Action Coalition of Indiana, Inc. ("CAC") requested NIPSCO to re-run the DSM modeling using its proposed decrements approach, and the Indiana Coal Council requested NIPSCO to use a lower cost for the effluent limitation guidelines ("ELG") compliance and an alternative market scenario. Mr. Augustine reviewed the OUCC's request and noted changes to the assumptions and estimated costs associated with the conversion since the last meeting. He noted that both the gas interconnection and environmental costs had now been assumed to be $0. He then provided an update on the costs to the customer to undertake the conversion. To convert both Units under the new assumptions, it would costs customers between $540 million to $1.04 billion more than retirement and replacement with economically optimized resource selections from the RFP results. He then provided the projected cost to convert only Unit 17 ($230 M to $450 M) and showed the capacity factors under the various scenarios.

Mr. Augustine then reviewed the request from the CAC, noting that it had asked for energy efficiency and demand side management programs to be evaluated as "fixed" blocks in the modeling runs. This allows the supply-side plan to simultaneously change with each decrement of efficiency, meaning that it is possible that future supply-side additions could be avoided as levels of energy efficiency increase. He stated that the approach is designed to identify potential decrements from the load forecast and evaluate the impacts of the savings on the portfolio net present value of revenue requirements ("NPVRR") without accounting for costs. He provided an illustration of the load and NPV for eight decrements under an illustrative example. Mr. Augustine then showed a comparison to NIPSCO's approach and reminded the group that NIPSCO had used three "bundles" based on the cost of the energy efficiency savings as provided through the DSM Savings Update report. Finally, Mr. Augustine showed the decrement portfolio results using these three bundles and noted that the results using the decrements analysis were similar to the results NIPSCO achieved in its IRP analysis.

Mr. Augustine then turned his attention to the Indiana Coal Council's request and noted that the Indiana Coal Council requested that NIPSCO evaluate retirement combinations with less costly ELG-related compliance for Schahfer Units 17 and 18 and an alternative market case. He updated the results from the previous meeting based on new numbers and noted that the Indiana Coal Council's assumptions included no cost for carbon compliance, a high natural gas price and a $45/ton flat real delivered coal price for Units 17 and 18.

Participants had the following questions and comments, with answers provided after:

- Why should any of this cost the consumer anything?
    - The consumer would pay for all costs of service to operate this potential converted facility and any other resources used to serve load.
- No matter what energy that a consumer receives is going to cost them - why would consumer have to pay for the conversion?

    - The ultimate cost to operate the entire system is the basis of the cost to consumer metric in this modeling framework. The costs that NIPSCO is showing are the NPV of a projection of 30 years of future costs. In this particular portfolio, NIPSCO is showing that a conversion would be higher cost than the alternatives. At this point, this analysis just shows cost differences across different portfolio strategies. The coal-to-gas conversion was not selected in preferred plan.
- What is a decrement? Is it a slice versus a bundle or a collection of those slices?
    - The decrement in this case is the same as the bundle. We are using the term "bundle" here to be consistent with the analysis that GDS Associates ("GDS"), the DSM consultant, performed. GDS developed three distinct bundles, which are aggregates of savings based on a cost ordering of potential DSM programs. In this example, the decrement is the same thing. In general terms, a decrement could represent any slice (i.e., 0.5%, 1% savings, etc.) but here the analysis uses the bundles that were already developed.
- The CAC would like to thank NIPCSO for performing the analysis which captured what we asked the Company to do. The CAC appreciates it, but only one thing that we reflected on, and it ended up not mattering for NIPSCO that there were not smaller decrements, but in the future could use smaller decrements.
    - Thank you. Bundle 1 was a fairly large decrement. It was found to all be cost effective, but your point is well taken. There could be a more granular look in future analysis.

Retirement Analysis
Pat Augustine and Dan Douglas

Mr. Augustine provided a recap from the previous meeting regarding the retirement analysis, sharing updates where applicable. He reviewed the retirement analysis framework, noting that the responses to the RFP were fundamental to indicating the actual projects available to NIPSCO. He noted that the key decision was what units to retire and when. He then reviewed the various retirement combinations that were constructed and went through each of the eight options. After providing the overview, he revealed the technologies being selected by the model based on the RFP results for the various retirement combinations and reviewed the results for the base case, which included an analysis of the expected cost to customer over the next 30 years. He then reviewed the results of the cost to customer analysis over the next 30 years for each retirement combination under each of the scenarios. Then he provided a review of the stochastics analysis results for each of the retirement combinations. Finally, Mr. Augustine provided information related to the cost risk for each of the retirement combinations.

Mr. Douglas then provided an overview of the Retirement Scorecard. He explained that NIPSCO is using a scorecard to navigate the "most viable" retirement and replacement paths. He then reviewed the Reliability Risk, Employees and Local Economy portions

of the scorecard, noting that Mr. Augustine had already covered the Cost to Customer, Cost Certainty and Cost Risk components. For Reliability Risk, he noted that activities, timelines and risk of the MISO retirement process, transmission system upgrades, remaining unit dependencies, fuel and maintenance contracts, future resource procurement and the percentage of the system turning over at once were factors that were considered. As with Mr. Augustine's remarks, much of this was a review of the previous meeting, with Mr. Douglas noting any changes that had taken place since the last discussion.

Regarding the impact on NIPSCO employees, he noted that there are over 400 employees at coal units that are focused on reliably and safely generating electricity for NIPSCO's customers. This was an important consideration in the retirement analysis, with the criteria utilized being the number of employees that are impacted by retirement plans prior to 2023. His final criterion was the local economy, specifically the property tax payments made by the generation facilities to local communities. This was quantified by estimating the present value of future property taxes relative to the 2016 IRP. Mr. Douglas finished by noting these criteria are important to be considered in concert with the financial metrics to provide a comprehensive perspective on retirement considerations.

He noted that the Company continued to review the scorecard findings to ensure there are no refinements needed based stakeholder feedback received. He then reviewed the Retirement Scorecard, noting that the criteria discussed are along the left side. He then explained that retiring coal earlier continued to be the most cost effective option as well as the highest cost certainty and lowest cost risk. He noted that Combination 8, which is 0% coal in 2023 has the lowest net present value requirement ("NPVRR"), with Combination 1, which is 65% coal through 2035 having the highest cost.

Mr. Douglas then noted that Combinations 1-6 are acceptable from a Reliability Risk perspective, but 7 and 8 are unacceptable. He reminded the group that Combination 7, 15% coal by 2023, with Units 17 and 18 retired by 2021, is not executable in the time allotted due to required transmission upgrades to maintain system reliability. These upgrades require coordination with the Midcontinent Independent System Operator, Inc. ("MISO") as well as having environmental wetland management issues, meaning they will not be complete until 2022 under the best case scenario. Combination 8 would require NIPSCO to retire and replace 1,800 megawatts ("MW") at one time. And, while the RFP indicated sufficient capacity, that much transition at one time could create reliability and execution risk for customers that the Company is not willing to accept. Furthermore, he noted, there are benefits to staggering the transition to allow for better views of technology.

After reviewing the impact to employees and the local economy (which is measured relative to the 2016 IRP retirement plan), he noted that, as indicated by the red dashed box, NIPSCO selected Combination 6, 15% coal in 2023 as the "most viable" retirement path. This Combination was selected at a high level because it is the lowest cost option that held acceptable reliability risk for customers and the system. He then provided

additional details about Combination 6, indicating that it provides enough time to complete the necessary transmission upgrades, that replacement resources can be reasonably secured by 2023, and that it allows NIPSCO to continue to assess customer, technology and market changes over the next decade. Mr. Douglas also noted that Michigan City Unit 12 will be maintained through 2028 and there are no plans to retire the combined cycle gas turbine ("CCGT") at Sugar Creek at this time. He concluded by noting this will be the preferred plan in NIPSCO's IRP submission.

Participants had the following questions and comments, with answers provided after:

- Do the coal retirement cases include costs per the recent court ruling?
    - All the coal retirement cases do include environmental compliance costs associated with the Coal Combustion Residuals rule ("CCR"). They are included in the capital schedules that were shared with the Indiana Coal Council a few weeks back. There have been no adjustments, so CCR costs are included here.
- To be clear, the cases without coal include CCR?
    - If there is a retirement, the CCR expenditures would change slightly versus the situation where all of Schahfer were to stay online beyond 2023. However, anything currently being spent on CCR is included across the board. The CCR rule refers to coal combustion residuals capital.
- Notion of selecting resources from IRP to do a retirement analysis and yet units retire are to inform resources that are optimal, so can you address that idea?
    - The initial analysis involved doing retirement analysis against the cost of new entry ("CONE") and market purchases because there was not an optimized set of real options to compare.
- Do you really need to do those (the retirement and replacement analysis) separate? Looks like you could perform a single analysis instead of two separate analyses to inform retirement and replacement at the same time.
    - The main reason for doing a separate replacement analysis is to allow for an evaluation against the multi-dimensional scorecard framework. So while the preferred retirement portfolio does have an economically optimized set of replacement resources, the IRP is also interested in testing risk, environmental benefits, and other factors. The second phase replacement analysis dives deeper and broadens the range of portfolio concepts that will be discussed later in the presentation. For example, NIPSCO is able to build out different concepts around commitment duration and portfolio diversity. Purchase power agreement(s) ("PPA(s)") versus ownership or natural gas resources versus renewables are two examples.
- On slide 30, why is number 4 highlighted?
    - The shading simply indicates that it is not a viable path for ELG compliance at the moment.
- Also on slide 30, scenario 4 highlighted in the table, but scenario 7 is also highlighted in the graph. Why is scenario 7 highlighted?
    - This is not an intentional highlight, but a shading to differentiate from the other portfolios. The graphic simply does not have enough unique colors.

- On the local economic impact, the economic impact when a coal unit is shutdown is clear. However, what about the economic impact of the resources being added, for example, whether it is a wind farm or solar facility, those would also have potential property tax impacts to the local economy? Since NIPSCO has not provided locations of the alternative resources, the Company does not have the positive impacts yet?
    - That is correct. As far as providing for any positive economic impact, NIPSCO does not know at this point where facilities will be located. However, there could be respondents to the RFP in the exact same counties that could offset these numbers. It is important to note that NIPSCO is not far along enough down that path to make such a conclusion.
- Are we correct to understand local economy as local property taxes?
    - Correct
- On reliability risk, a complicated mix of factors was reduced to a binary measurement of acceptable/unacceptable, but it does not capture variances between scenarios. It would be good in future IRPs to discuss further and different degradations of variability.
    - There are always opportunities to get sharper on this. NIPSCO took strides forward from 2016, but the Company always has opportunities to improve the process. Ultimately the analysis was challenging regarding how to capture 6, 7, 8 different factors within a single metric. Ultimately, it was decided to call it reliability risk because there were clear markers that made it possible/not possible. However, your approach shows how NIPSCO can improve in the future.
- Would Michigan City be a good source for wind? And as a follow up, that would be a good transition of jobs in that area.
    - NIPSCO continues reviewing specific bids from the RFP now, but there is not a specific answer on location right now.
- Are property taxes going up, going down or stabilizing?
    - If the plant is retired, there would no longer be a facility there and the property taxes paid by NIPSCO would go away. The Schahfer plant is in Jasper County and is the number one property taxpayer in the county. If it retires, less taxes would be paid to the county.
- Can you unpack the component parts of reliability? Is this from MISO? Do they all have weight? There is no separate scorecard?
    - The analysis starts with MISO, the independent system operator in the region. To retire an asset, NIPSCO must go through a retirement filing with MISO, which is known as an Attachment Y filing. After a potential retirement, the Company is responsible for changes to the transmission system, primarily a set of upgrades that would be identified through the MISO process. We have 5 or 6 upgrades that need to happen with the retirement of Schahfer. Beyond that process, NIPSCO considers the remaining unit dependencies at Schahfer to evaluate the feasible timing of retirements. It is also important to understand current contracts and the costs that go into operating the units. NIPSCO also considered the

challenges associated with future resource procurement. The RFP resulted in around 30 bidders and 90 different projects. These developers may be looking at other opportunities and we require time to negotiate and consider many potential projects. Finally, the Company examined the percentage of the system turning over at once. When you talk about retiring 2/3 of the portfolio and switching to intermittent power, NIPSCO wants to have something to step through over time rather than turn everything over at one point. In summary, this category was a "catch-all" bucket with miscellaneous smaller factors that drive NIPSCO to a binary decision.

- Regarding property taxes, if Schahfer is the biggest payer of property taxes in Jasper County, what entity is the largest payer in Michigan City?
    - NIPSCO is not the largest contributor of property taxes in LaPorte County, but it is one of the top three.
- On transmission upgrades, are these built into costs?
    - Yes, they are built into the costs. NIPSCO considered different retirement scenarios and the applicable permitting issues, and captured costs associated with the pretty significant amount of work needs to be done there. The project plan goes out into 2022 or 2023 even if the required projects were started immediately.
- First, going back to cost of customer, does NIPSCO have the rates by year.
    - The Company has determined the total revenue requirement but have not broken down rates to customer class. The analysis thus far assumes perfect rate making.
- Also, with respect to cost certainty around the RFP responses, did you consider tariffs?
    - The responses came through in the June timeframe and were evaluated in July. Most of the turbines would have steel as a major component and the developers were likely aware of many of the tariffs so it is NIPSCO understanding that many were procured at a price point consistent with their RFP bids.
- Does NIPSCO feel an ethical responsibility to coal miners?
    - Absolutely, but the Company is also focused on our employees and our customers. NIPSCO hopes that lower costs for customers, including large industrial customers, will help improve the local economy.
- Between scenarios 6 and 8 can you explain how both retire Michigan City, but with a difference of five years. What happens in those 5 years?
    - The employee line shows only those jobs impacted through 2023. The remaining difference in economics is for the extra five years of Michigan City operation versus RFP alternatives.
- It seems as those there are very minute differences between scenarios 5 & 6 and the only change is the Michigan City retirement date?
    - Michigan City runs fairly economic today (i.e. it is often dispatched based on price), so changing the retirement date has a relatively small impact. Most of the environmental work has been completed at the site, and NIPSCO realizes a relatively strong dispatch with a fairly good heat rate.

There are savings associated with retirement, but not as big as with the Schahfer retirement. Costs are important, so we believe accelerating the retirement from 2035 is the right thing for our customers. Reliability risk is also significant, which is why we are focused on 2028.

- The difference in dates for the retirements at the coal plants affects the amount of maintenance required. Is that true statement?
    - Yes, that is correct. The maintenance capital schedules vary based on expected retirement date. For example, if you have a 10-year old car, if you know you will keep it another 5 years, you will get a tune up, change the tires, etc. If you know you will sell it in year, you will likely wait to do maintenance work. With the coal plants, we have similarly looked at maintenance schedules and stepped those costs down accordingly.
- Would NIPSCO change the retirement date at Michigan City if the County and customer base agreed that retirement in 2023 was fine with them?
    - Reliability risk is an important factor. NIPSCO must maintain reliability and keep the lights on going forward. The retirement plan involves making moves that are directionally different than our peers and there is a bit of a comfort level with maintaining what works. It is a rare moment when you get all stakeholders to come to agreement.
- With reliability risk, is it not possible to just "flip a switch" and rely on the MISO market? Will that not be a possible situation once NIPSCO has converted to renewables?
    - At some point, something needs to generate electricity. NIPSCO's expectation is that, given the economics, there will be more and more transition to renewables. MISO is not in the room, but it would likely say that as there are more intermittent resources on the system, there will be more risk on MISO to preserve reliability.
- Regarding reliability risk, do you foresee keeping with this theme to retire Schahfer in 2023 and Michigan City will continue to bear burden of hosting coal and then retire or convert to natural gas in Michigan City? From an equity injustice lens, would be very burdensome (ongoing burden, ongoing inequity) if this community continues to bear the burden of environmental burden. This is particularly true for communities of color, low income, etc. The Indiana Conference of the NAACP would adamantly appeal that whenever you retire, that the community does not get the burden of methane or other environment impacts. There have been health impacts to communities that have born the burden all of these years.
    - Although the replacement plan has not be discussed yet in this presentation, as of now, NIPSCO will not transition coal to gas at Michigan City based on current economics.
- Did NIPSCO take into consideration the communities? Did the Company take into consideration the fact that the Michigan City population is minority and environmental justice and where in the matrix is that considered or exercised?
    - NIPSCO's wants to be compliant with all United States Environmental Protection Agency ("EPA") rules, so any plan selected by NIPSCO needs

to be compliant with those rules. NIPSCO does take that into account and the Company wants to take care of the customers in that territory.

Replacement Analysis
Pat Augustine and Dan Douglas

Mr. Augustine reviewed and updated the replacement analysis. He started the review of the section by reminding participants that NIPSCO has forecasted a 2023 peak demand of just over 3,000 MWs. He stated that retiring the units at Schahfer and Michigan City will lead to a combined 1,810 MWs required. Based on this, NIPSCO completed its replacement analysis. He reviewed the replacement analysis framework, noting that the RFP was a main source of information for determining replacement options. Mr. Augustine noted that various resource combinations were created to explore the range of ownership/duration and diversity possibilities. He then reviewed the possible resource additions based on unforced capacity ("UCAP") in 2023 and 2028. After this explanation, he showed the various replacement scenarios and the stochastics for those scenarios.

Mr. Douglas then reviewed the Replacement Scorecard. As with the Retirement Scorecard, the Replacement Scorecard is being used to help navigate the various paths and NIPSCO has done away with the "red-yellow-green" color coding in favor of more quantitative scoring. He noted that there are some nuances from the Retirement Scorecard. As with the Retirement Scorecard, Mr. Douglas explained how fuel security, environmental, employees and local economy were considered in the Replacement Scorecard. Regarding fuel security, he noted that the criterion assesses NIPSCO's ability to reduce exposure to short-term fuel supply and/or deliverability issues, which is expressed as a percentage of capacity sourced from resources other than natural gas in 2025. Mr. Douglas explained that the environmental criterion considered the annual carbon emissions from the resource portfolio in 2030 by metric tons of CO_2. For employees, he explained that the number of NIPSCO jobs added for the resource portfolio was considered. And, finally, for the local economy, NIPSCO considered the property taxes for the portfolio, without making a determination of where the facilities would be, only considering assets that would pay property taxes.

After providing this background into the scorecard, Mr. Douglas provided the results of the analysis. He said that including renewables is the least cost option as well as the lowest cost certainty and lowest cost risk. He noted that, by comparison, portfolios with natural gas technologies have a cost over 10% higher than renewable-only portfolios. Portfolio F, which is long duration and average-low carbon pricing, which is predominately long-term renewable PPA or renewable ownership, DSM, and a small amount of market purchases, is the lowest cost option and the strongest portfolio from a fuel security standpoint. In addition, he said, it provides the lowest emissions for customers.

In summarizing this section, Mr. Douglas stated that NIPSCO believes the retirement and replacement path will provide reliable power, enable lower costs and provide significant environmental benefit. He noted that the scorecards demonstrate that retiring coal and replacing with renewables will create significant savings. Finally, from a reliability perspective, he committed the Company to making sure the plan keeps the lights on for its customers. He stated that transitioning from coal to renewables is a significant move and NIPSCO is approaching the shift with an appropriate level of caution and analysis.

Participants had the following questions and comments, with answers provided after:

- For scenario E, how did you come up with mix of resources as opposed to 300 CCGT and 1070 renewables? How did that mix come about?
    - This was primarily due to the nature of the bids that came in. NIPSCO was broadly looking to split the renewable and natural gas capacity fairly evenly on a UCAP basis. All long-term combined cycle gas turbine ("CCGT") bids included projects in the 600-700 MW range, so that naturally fit into the portfolio concept, with the remainder being renewables.
- Are you performing life cycle analysis of carbon emissions?
    - No, we are focused on the point of emissions for generating capacity.
- On slide 38, what is included in the "other" category?
    - "Other" incorporates a system power bid and a small demand response offer. The system power bid was short-term and the demand response bid was one year in duration.
- Is any gas self-build?
    - No, a self-build was evaluated and compared to the RFP bids, but all of the portfolios analyzed were with resources from the RFP.
- Throughout the analysis, it is either 2023 or 2028 for the retirements. 2028 is unacceptable for Michigan City. And what is going to keep you from reneging on all of this? 2028 is 10 years from now and asthma, cancer, and everything else wrong with these scenarios and how can you re assure the people? Is there a way to move all this up?
    - Please look back at the retirement scorecard. NIPSCO has to provide an affordable, compliant, and diverse portfolio. This is all really complicated, but please look at the transmission that needs to be built before the Units can be retired. Your concerns are heard, but it is important to note the NIPSCO is pulling retirements earlier by 10-20 years (or more) and trying to make significant strides for better costs for customers while being environmentally friendly.
- Can you clarify what is meant by "inside the fence line"?
    - This means at the point of generation, not taking into account any emissions that may have happened during the production or transmission of natural gas. We only count emissions created at the generation site, which is aligned with EPA metrics.

- Fewer than 30 jobs are created in scenario F, where does that compute with the 276 employees lost with optimal retirement scorecard? This could be net reduction from 276 to 30?
    - The 276 is related to those who are working at the Schahfer facility now. They may not all necessarily lose jobs but they would not be working at Schahfer. In the replacement analysis, NIPSCO is demonstrating the "steady state" number of jobs for a solar or wind facility. There would also be an influx of construction jobs to get things up and running. So overall, NIPSCO would offset some of the jobs lost at Schahfer.
- Does NIPSCO plan to report on indirect emissions in the future?
    - In a previous meeting, there was a discussion on this. For NIPSCO and NiSource, you can go to the annual report or greenhouse gas report where greenhouse gas emissions inside the fence line are calculated as well as "scope 2" (associated with transport) and "scope 3" (vendors, etc). This is available on the website.
- What is the nameplate capacity of solar, as well as energy storage, selected in the preferred plan?
    - The UCAP is available on Slide 38.
- Slide 38 is unclear as to what amount of energy storage is selected (conflated with solar).
    - The solar plus storage project is about 180 MW of nameplate capacity. 175 MW of the capacity is solar, with 4.9 MW of battery storage.
- When is the next IRP?
    - Based on the proposed rule, the IRP is required every 3 years. We were on schedule to do it in 2019, but moved it up. We will continue to work with the Indiana Utility Regulatory Commission on the next date, but it is assumed the next IRP will be submitted in 2021 (based on a 2018 date) or 2022 (based on the original 2019 date).
- I appreciate that NIPSCO is acknowledging that clean energy is the most affordable and viable option that distinguishes you from Indiana's other investor owned utilities ("IOUs"). What differentiates and allows you to acknowledge it?
    - NIPSCO cannot speak to other utilities and their decisions. The Company is making decisions based on its customers and based on its assets. The retirement and replacement plans are the right decisions from cost, local economy, and fuel security perspectives. NIPSCO considered what is available to customers through the RFP, and the Company evaluated the tradeoffs, and feels it's the right decision for customers.
- Through preferred plan, how much weight is given to local resources? How are they ultimately the beneficiaries of this?
    - NIPSCO required the resources to be within MISO and within Zone 6 of MISO. NIPSCO supports resources within the service territory for taxes and to benefit the local economy.
- Is NIPSCO going to limit choice to existing RFP library or will the Company consider other competitive bids once the technology has been selected?
    - Right now NIPSCO is focused on the responses to the recent RFP.

- Was there any kind of notice taken regarding if the equipment was made in the United States versus overseas?
    - No, the Company did not consider that.
- Will there be a regulatory filing for undepreciated coal plants?
    - Yes, inside the rate case NIPSCO will be filing on October 31, 2018.
- Can you give any more definition to timing of RFP? And amount of RFP? At that point, after the replacement of Schahfer Units, right?
    - Right now, NIPSCO is focusing on projects with expiring wind production tax credits. Our intention is to take advantage of those before they phase out, although wind will provide a limited amount of firm UCAP. The Company also sees some solar projects are well priced that it can take advantage of through the recent RFP. NIPSCO is negotiating those as well. However, since the Company does not plan to fill the full retirement gap right away, another RFP will likely be required in the 2019-2021 timeframe. At this point, there are not more specifics.
- How will Schahfer retirement impact Georgia Pacific Gypsum?
    - While it is expected there will be an impact, it is not known. The facility was built with the idea that it would take gypsum from Schahfer. Georgia Pacific has known since the last IRP that a retirement was possible, so this is not truly a new issue for it.
- Thank you for your extensive work on the IRP. The NIPSCO Industrial Group appreciates it. We understand and appreciate it is a complex and very nuanced undertaking. While we are still reviewing your findings, we generally support the direction of your resource planning efforts. We look forward to working together as we move forward; specifically in the certificate of public convenience and necessity ("CPCN") proceedings coming down the road.
    - Thank you.
- A statement in medicine, "you can't improve what you can't measure." So did NIPSCO take into consideration the international concern with the climate crisis and how fast to move, where to move, how to move? There has been no secret that a lot of concern with climate change and damage caused by smaller increase in global temperatures. If you did, how you metricize that and if you did, where did it appear? As a follow up statement, latest report, 100% by 2030
    - On Slide 43, we have a specific line for environmental impact related to CO_2 emissions. NIPSCO is reducing emissions by 90% by 2030, so I think you'll find that we have been aggressive on that front and more aggressive than the Paris Climate Agreement. The latest report calls for a 45% reduction by 2030 under the 1.5 degree scenario. The Company will beat that by twice the magnitude and more quickly.

Preferred Resource Plan
Dan Douglas

Mr. Douglas started by reviewing NIPSCO's preferred supply portfolio criteria, nothing that NIPSCO comes back to five key principles: reliable, compliant, flexible, diverse and

affordable which are first and foremost focused on NIPSCO's customers. He noted that the Company also carefully considered the perspectives of each of the stakeholders in the room as well as the communities served and the employees that serve customers. He reminded the group that the submission of the IRP is not the end of NIPSCO's engagement in this process. As always, the Company will remain engaged with all interested stakeholders. He then provided an overview of the action plan for NIPSCO's current supply resources, noting the NIPSCO will maintain current gas generation and current wind PPAs. The recently approved DSM Plan will be implemented from 2019-2021. Mr. Douglas then walked the group through the components of the Company's preferred supply plan in the short-, medium-, and long-term. In the short term, so from now to 2020 NIPSCO's activities will center on: Initiating the retirement process for the units slated for retirement at Schahfer; identifying and implementing required reliability and transmission upgrades; selecting projects from the 2018 RFP evaluation process prioritizing resources that have expiring tax credits; and continuing to monitor market trends and how technology continues to evolve.

Mr. Douglas noted that, during this time period, NIPSCO expects to add about 150 to 200 MW of UCAP capacity, with the expected source to be primarily from wind. However, all sources in the RFP will be considered, in addition to DSM and market purchases or short term PPAs as needed. He noted that, once the projects have been selected, NIPSCO will make the necessary regulatory filings.

Regarding the midterm period from 2021, NIPSCO's activities will primarily consist of: implementing the reliability upgrades; continuing to actively monitor technology and market trends and engaging with developers and asset owners to understand the landscape for generation; conducting a subsequent RFP to identify resources to fill the remainder of the 2023 capacity gap. In addition, NIPSCO will implement the Schahfer retirement focusing on customers, employees and the impact to local communities. Mr. Douglas stated that, during this time period, NIPSCO expects to add about between 1,100 and 1,150 MW of UCAP capacity identified from the next RFP, likely solar/storage, DSM and market purchases. NIPSCO will file the next DSM plan for 2022 to 2025 in late 2020 as well as for any required regulatory approvals for replacement resources.

Finally, he discussed plans for the long term starting in 2024. NIPSCO will be focused on monitoring the market and industry developments and refining its future resource plans. In 2028 the last remaining coal Unit, Michigan City 12, will retire and NIPSCO will have a 400 MW UCAP need which will be filled with DSM, wind/solar/storage and market purchases.

Mr. Douglas then discussed the procurement of wind resources in 2020 to realize tax benefits, which lead to lower customer costs. He noted that NIPSCO's analysis shows that acquiring wind in 2020, while still eligible for the full tax credits, provides a 30-year NPV benefit of almost $500M to customers if those purchases are included in the

preferred portfolio. He also provided information regarding NIPSCO's current DSM plan, noting that the plan projects savings of over 392,000 MWh over the three year period.

He then turned to a discussion of NIPSCO's cumulative replacement resource mix, noting that, by 2028, 75% of the NIPSCO supply will come from renewables and DSM resources. In summary, he provided an overview of NIPSCO's preferred plan for the 2018 IRP, noting the plan is broken out into the short-term (2019-2022) and the long-term (2023 and beyond). He concluded by saying that the actions coming out of this IRP will place NIPSCO on a course to continue providing reliable power while enabling lower costs and providing significant environmental benefit.

Participants had the following questions and comments, with answers provided after:

- On slide 51, can you confirm that it is in UCAP rather than nameplate capacity? It shows 1,348 MW of solar by 2028. Does that really mean 2,676 MW of nameplate capacity, since you multiply by 2 to get from solar UCAP to solar nameplate capacity?
    - Yes, can confirm the slide is denominated in UCAP.
- Can you confirm NIPSCO is planning to file a new rate case on Oct 31?
    - Yes.
- Do you intend to charge more for electricity through renewables than other resources?
    - No, renewables will be baked into the cost of the total portfolio. The plan is not for renewable resources to cost more for customers than other resources.
- Regarding the carbon market: NIPSCO is getting some form of revenue from carbon. Is that revenue passed onto customer to reduce rates, maybe? Is there a scenario around revenue and put into basket to help with solar/wind equity?
    - There is no carbon market and no revenue coming from it. If that became available, further discussions would take place.
- Are you doing it because of good corporate reason or because you're projecting to sell?
    - There is no projection of revenue from a future carbon market in this analysis. In the scenarios with a carbon tax, we assume that a carbon tax is being paid by NIPSCO, rolling through customer costs.
- Are you being incentivized to reduce carbon in those scenarios?
    - Yes
- There is a market for renewable energy credits ("RECS") from other states. In the RFP is that REC owned by the installer, and, therefore, probably baked into their bids?
    - That is correct. NIPSCO used the renewable costs, whether it is PPA or asset sales, as per the RFP bids that came through. There is no separate REC price stream that is isolated out or credited back to NIPSCO. Customers would pay for the REC attribute, so it would be in their interest if we were to sell any in the future.

- On Slide 38, please clarify, nameplate capacity of solar in the plan.
    - That slide is unclear as to what is selected. The solar plus storage project is about 180 MW of nameplate capacity. 175 MW of the capacity is solar, with 4.9 MW of battery storage.
- Once these bids are accepted, are the receivers transparent to all?
    - The process is ongoing and NIPSCO is in the middle of a negotiation and commitment process now. There will be clarity in the CPCN process, which will document the selected projects.
- Will the CPCN process show who was accepted?
    - Yes
- The RFP had asked them to commit to offering process and ability through December of 2018. Did that get changed?
    - The RFP specifically asked them to hold the price through the end of year. However, there is no mutually exclusive arrangement, so developers can also negotiate with others if they wish.
- Just to correct the record - Kelly is correct, the reduction is 45% by 2030 and 100% by 2050 and reducing from 2010 CO_2 levels. It is still if you make the targets, you will not be contributing to Armageddon, but not necessarily reducing to where we need to go long term. Still behoove you to get out as fast as possible.
    - Your point is understood.

Stakeholder Presentations

Laura Arnold of Indiana DG provided a presentation regarding net metering and where NIPSCO is in reaching 1.5% of the summer peak and the amount of net metering related to commercial customers. Denise Abdul-Rahman of the Indiana State Conference of the NAACP provided a presentation regarding the efforts the Indiana State Conference of the NAACP has undertaken related to environmental and climate justice and discussed its concerns with NIPSCO's preferred plan.

Violet Sistovaris, President, NIPSCO and Executive Vice President, NiSource, provided participants with an update on the recent incident involving Columbia Gas of Massachusetts and NiSource's response. She the closed the meeting by thanking the attendees for their attendance and active participation throughout the process.